



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
KENTON COUNTY SHERIFF**

**Calendar Year 1999**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **KENTON COUNTY CHARLES L. KORZENBORN, SHERIFF CALENDAR YEAR 1999 FEE AUDIT**

The Auditor of Public Accounts has completed the audit of the Kenton County Sheriff for the year ended December 31, 1999. The audit report is based on audit fieldwork completed on August 17, 2000. This executive summary emphasizes the most important parts of our audit.

#### **Independent Auditor's Report**

In our opinion, the financial statement presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Sheriff for the year ended December 31, 1999.

#### **Comments And Recommendations**

- The Sheriff Incorrectly Maintained His Credit Card Account
- The Sheriff Should Prepare Daily Cash Checkout Sheets
- The Sheriff Should Deposit Receipts Daily
- The Sheriff Should Maintain Invoices/Documentation For All Expenditures
- The Sheriff Should Prepare Monthly Bank Reconciliations
- A Total Of \$2,005 Of The Sheriff's Expenditures Of Public Funds Are Disallowed And Have Been Repaid From Personal Funds
- The Kenton County Judge/Executive Should Request The County Attorney Collect Monies Owed By Former Sheriffs William Steenken And Gary Lay
- Former Kenton County Sheriff Gary Lay Owes \$515 In His CCDW Account

#### **Notes To Financial Statements**

##### **Note 4. Lease - Purchase Agreement**

The office of the Sheriff is committed to a lease agreement for eight (8) Ford Crown Victorias. The total balance of the agreement was \$115,926 as of December 31, 1999.

##### **Note 5. Former Sheriffs' Outstanding Obligations**

- 1) During the 1998 fee audit, it was noted that there was a credit card used during both former Sheriff William Steenken's and former Sheriff Gary Lay's administrations. As of December 31, 1998, there was a balance due of \$6,661, but no funds available for payment. William Steenken was responsible for \$5,185; Gary Lay \$1,476. The Auditor of Public Accounts has recommended that this credit card bill be turned over to the County Attorney for collection from the two former Sheriffs.
- 2) During the 1998 fee audit, it was noted that there was a \$515 deficit in former Sheriff Gary Lay's Carrying Concealed Deadly Weapons Account (CCDW). The Auditor of Public Accounts has recommended that this account deficit be turned over to the County Attorney for collection of the \$515 due from former Sheriff Lay.



## CONTENTS

## PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF RECEIPTS AND DISBURSEMENTS .....	3
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER.....	5
NOTES TO THE FINANCIAL STATEMENTS.....	7
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	13
COMMENTS AND RECOMMENDATIONS .....	17





## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Richard L. Murgatroyd, Kenton County Judge/Executive

Honorable Charles L. Korzenborn, Kenton County Sheriff

Members of the Kenton County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the Sheriff of Kenton County, Kentucky, and the statement of receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 1999. These financial statements are the responsibility of the Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff is required to prepare the financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the Sheriff and the receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Richard L. Murgatroyd, Kenton County Judge/Executive

Honorable Charles L. Korzenborn, Kenton County Sheriff

Members of the Kenton County Fiscal Court

Based on the results of our audit, we have presented comments and recommendations, included herein, which discusses the following areas of noncompliance:

- The Sheriff Incorrectly Maintained His Credit Card Account
- The Sheriff Should Prepare Daily Cash Checkout Sheets
- The Sheriff Should Deposit Receipts Daily
- The Sheriff Should Maintain Invoices/Documentation For All Expenditures
- The Sheriff Should Prepare Monthly Bank Reconciliations
- A Total Of \$2,005 Of The Sheriff's Expenditures Of Public Funds Are Disallowed And Have Been Repaid From Personal Funds
- The Kenton County Judge/Executive Should Request The County Attorney Collect Monies Owed By Former Sheriffs William Steenken And Gary Lay
- Former Kenton County Sheriff Gary Lay Owes \$515 In His CCDW Account

In accordance with Government Auditing Standards, we have also issued a report dated August 17, 2000, on our consideration of the Sheriff's compliance with laws and regulations and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -  
August 17, 2000



KENTON COUNTY  
CHARLES L. KORZENBORN, SHERIFF  
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 1999

Receipts

State Fees for Services:

KLEFPF Funds	\$ 56,107	
Summoning Witnesses	1,612	
Attending Jury	45	
Court Service Fees	186,866	
Conveying Prisoners	<u>4,118</u>	\$ 248,748

Circuit Court Clerk:

Sheriff's Security Services	\$ 143,194	
Paperwork Service Fees	<u>340</u>	143,534

Fiscal Court:

Conveying Prisoners	\$ 1,949	
Postage	<u>300</u>	2,249

County Clerk

29,164

Commission on Taxes

1,832,617

Fees Collected for Services:

Auto Inspections	\$ 69,322	
Serving Papers	164,363	
Carrying Concealed Deadly Weapon Permits	31,195	
Summoning Witnesses	30	
Tax Inquiry Fees	1,071	
Conveying Prisoners	4,440	
Court Services	160	
Tax Bill Advertising Fees	10,620	
Delinquent Tax Fees	<u>161,338</u>	442,539

Other Receipts:

Miscellaneous		17,003
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Interest Earned

25,956

Gross Receipts (Carried Forward)

\$ 2,741,810

KENTON COUNTY  
CHARLES L. KORZENBORN, SHERIFF  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Calendar Year 1999  
(Continued)

Gross Receipts (Brought Forward)		\$ 2,741,810
<u>Disbursements</u>		
Payments to State:		
Carrying Concealed Deadly Weapon Permits		<u>21,180</u>
Net Receipts		\$ 2,720,630
Payments to State Treasurer:		
75% Operating Fund	\$ 2,145,495	
25% County Fund	<u>575,135</u>	<u>2,720,630</u>
Balance Due at Completion of Audit		<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statements.

KENTON COUNTY  
 CHARLES L. KORZENBORN, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE  
SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 1999

	75% Operating Fund	25% County Fund	Totals
	<hr/>	<hr/>	<hr/>
Fund Balance - January 1, 1999	\$	\$	\$
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	2,145,495		2,145,495
Fees Paid to State - County Funds (25%)		575,135	575,135
	<hr/>	<hr/>	<hr/>
Total Funds Available	\$ 2,145,495	\$ 575,135	\$ 2,720,630
	<hr/>	<hr/>	<hr/>
<u>Disbursements</u>			
Kenton County Government	\$	\$ 575,135	\$ 575,135
Personnel Services-			
Official's Statutory Maximum	67,155		67,155
Deputies Salaries	1,044,683		1,044,683
Employee Benefits-			
Social Security	79,391		79,391
Retirement	140,784		140,784
Life Insurance	370		370
Unemployment Insurance	1,178		1,178
Disability Insurance	3,451		3,451
Health Insurance	143,491		143,491
Contracted Services-			
Advertising	179		179
Equipment Maintenance	5,291		5,291
Vehicle Maintenance and Repairs	38,080		38,080
Data Processing	25,000		25,000
Physicals and Drug Tests	6,265		6,265
Tax Lockbox	4,525		4,525
Supplies and Materials-			
Office Materials and Supplies	17,684		17,684
Uniforms	22,329		22,329
Deputy Supplies	7,197		7,197
Gasoline	16,780		16,780

KENTON COUNTY  
 CHARLES L. KORZENBORN, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE  
 SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER  
 Calendar Year 1999  
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements (Continued)</u>			
Other Charges-			
Convention and Travel	\$ 9,634	\$	\$ 9,634
Training	4,638		4,638
Dues	2,320		2,320
Postage	5,278		5,278
Pager Rental	1,386		1,386
Telephone	9,627		9,627
Parking	7,062		7,062
Miscellaneous	4,080		4,080
Capital Outlay-			
Office Equipment	12,012		12,012
Debt Service-			
Vehicle Lease	57,963		57,963
Total Disbursements	<u>\$ 1,737,833</u>	<u>\$ 575,135</u>	<u>\$ 2,312,968</u>
Less: Disallowed Disbursements			
Breakfast Meetings	\$ (683)	\$	\$ (683)
Cash	(501)		(501)
Tax Penalties	(453)		(453)
Cokes and Coffee	(307)		(307)
Sales Tax	(48)		(48)
Finance Charges	(13)		(13)
Total Disallowed Disbursements	<u>\$ (2,005)</u>	<u>\$ 0</u>	<u>\$ (2,005)</u>
Total Allowed Disbursements	<u>\$ 1,735,828</u>	<u>\$ 575,135</u>	<u>\$ 2,310,963</u>
Fund Balance - December 31, 1999	<u>\$ 409,667</u>	<u>\$ 0</u>	<u>\$ 409,667</u>

The accompanying notes are an integral part of the financial statements

KENTON COUNTY  
CHARLES L. KORZENBORN, SHERIFF  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

KENTON COUNTY  
CHARLES L. KORZENBORN, SHERIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 1999  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Hazardous covered employees are required to contribute 7.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The Sheriff met the requirements stated above, and as of December 31, 1999, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

Note 4. Lease - Purchase Agreement

The office of the Sheriff is committed to a lease agreement with Ford Motor Company for eight (8) Crown Victorias. The agreement requires a yearly payment of \$57,963 for three (3) years, beginning October 1, 1999 and ending on October 1, 2001. The total balance of the agreement was \$115,926 as of December 31, 1999.

KENTON COUNTY  
CHARLES L. KORZENBORN, SHERIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 1999  
(Continued)

Note 5. Former Sheriffs' Outstanding Obligations

- 1) During the 1998 fee audit, it was noted that there was a credit card used during both former Sheriff William Steenken's and former Sheriff Gary Lay's administrations, with a balance due at December 31, 1998 in the amount of \$6,661, with no funds available for payment. William Steenken was responsible for \$5,185; Gary Lay \$1,476. This deficit was turned over to the Office of the Attorney General for investigation, with the resultant finding of improper accounting. The Auditor of Public Accounts has recommended that this credit card bill be turned over to the County Attorney for collection from the two former Sheriffs. It is noted that interest continues to accrue daily; therefore, they will be responsible for the \$6,661, plus respective accrued interest due.
- 2) During the 1998 fee audit, it was noted that there was a \$515 deficit in former Sheriff Gary Lay's Carrying Concealed Deadly Weapons Account (CCDW). This deficit was turned over to the Office of the Attorney General for investigation, with the resultant finding of improper accounting. The Auditor of Public Accounts has recommended that this account deficit be turned over to the County Attorney for collection of the \$515 due from former Sheriff Gary Lay.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Richard L. Murgatroyd, Kenton County Judge/Executive  
Honorable Charles L. Korzenborn, Kenton County Sheriff  
Members of the Kenton County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the Kenton County Sheriff as of December 31, 1999, and have issued our report thereon dated August 17, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Kenton County Sheriff's financial statements as of December 31, 1999, are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Schedule of Comments and Recommendations.

- The Sheriff Incorrectly Maintained His Credit Card Account
- The Sheriff Should Prepare Daily Cash Checkout Sheets
- The Sheriff Should Deposit Receipts Daily
- The Sheriff Should Maintain Invoices/Documentation For All Expenditures
- The Sheriff Should Prepare Monthly Bank Reconciliations
- A Total Of \$2,005 Of The Sheriff's Expenditures Of Public Funds Are Disallowed And Have Been Repaid From Personal Funds
- The Kenton County Judge/Executive Should Request The County Attorney Collect Monies Owed By Former Sheriffs William Steenken And Gary Lay
- Former Kenton County Sheriff Gary Lay Owes \$515 In His CCDW Account

Honorable Richard L. Murgatroyd, Kenton County Judge/Executive  
Honorable Charles L. Korzenborn, Kenton County Sheriff  
Members of the Kenton County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Kenton County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 17, 2000

## COMMENTS AND RECOMMENDATIONS



KENTON COUNTY  
CHARLES L. KORZENBORN, SHERIFF  
COMMENTS AND RECOMMENDATIONS

Calendar Year 1999

A. FINDINGS – FINANCIAL STATEMENT AUDIT

NONCOMPLIANCES

1) The Sheriff Incorrectly Maintained His Credit Card Account

Per memo dated June 29, 1999 from the Finance and Administration Cabinet to County Sheriffs' offices in counties with a population of over 70,000 (copy attached), Sheriffs are allowed to establish a travel account. This account should only be used for expenses incurred for out-of-state travel to transport prisoners. During 1999, the following occurred in this account:

- a) The Sheriff wrote checks to **CASH** to pay for jury lunches and employee reimbursements.

Auditor's Policy Position is that checks *are NEVER to be written to cash* and *NOTHING is to be paid for with cash*. All invoices are to be paid for with a check, and a copy of the invoice should be maintained.

- b) The Sheriff wrote checks to cover expenditures for jury lunches, uniform items, office supplies, etc. from the credit card account.

Auditor's Policy Position is these items are direct disbursements and thus should be run through the fee account whether they are on purchase orders or checks from the imprest account. Remember - this account is *strictly to be used to pay for expenses incurred for out-of-state travel to transport prisoners*.

- c) The Sheriff wrote checks for disallowed expenditures.

Auditor's Policy Position is disallowed purchases were made from this account for items such as coffee, condiments, cokes, and sales tax added (disallowed). These items are not allowable expenditures. (See comment #6.)

- d) The Sheriff did not have invoices/receipts for all of his cash expenditures.

Auditor's Policy Position is that receipts must be maintained for all cash expenditures; therefore, the Sheriff will be responsible for those items from his personal funds (See comment #4.)

- e) The Sheriff allowed a finance charge to occur in one month on his credit card account.

Auditor's Policy Position is that credit card finance charges, late charges, interest, etc. are disallowed expenditures and will be required to be reimbursed from the Sheriff's personal funds if incurred.

KENTON COUNTY  
CHARLES L. KORZENBORN, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
Calendar Year 1999  
(Continued)

A. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

1) The Sheriff Incorrectly Maintained His Credit Card Account (Continued)

- f) The Sheriff should turn over excess funds in his travel account (credit card account) on a pay-in voucher to his fee account.

Auditor's Policy Position is that any excess funds in credit card accounts should have been deposited to the fee account. Per the Finance and Administration Cabinet, every six months any excess funds above a specific amount allowed for expenses for the next few trips should be remitted to the Kenton County Sheriff's account with the Finance and Administration Cabinet. We would recommend that you review your credit card account balance as of June 30, 2000, and do as mandated by the Finance and Administration Cabinet. Then, please continue this process every six months (as of June 30<sup>th</sup> and December 31<sup>st</sup>) each year.

*Sheriff's Response:*

*The misunderstanding of procedure has been corrected.*

*County Judge/Executive's Response:*

*We are aware of concerns and understand Sheriff is now informed of this deficiency and has implemented internal controls over the use of the office credit card.*

2) The Sheriff Should Prepare Daily Cash Checkout Sheets

KRS 68.210 establishes minimum accounting and documentation for receipts which include preparation of a daily cash checkout sheet. Receipts should be batched daily, amounts entered on the daily cash checkout sheet, and reconciled to a daily deposit slip. We recommend that the Sheriff prepare a daily cash checkout sheet on which to post his daily receipts.

*Sheriff's Response:*

*Already in progress.*

*County Judge/Executive's Response:*

*Sheriff has advised auditors that this deficiency has been corrected.*



KENTON COUNTY  
CHARLES L. KORZENBORN, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
Calendar Year 1999  
(Continued)

A. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

3) The Sheriff Should Deposit Receipts Daily

Pursuant to KRS 64.850, receipts should be deposited on a daily basis. During our audit, we noted the following:

- CCDW receipts were deposited weekly.
- Car inspection receipts collected in Independence office were deposited monthly.
- Miscellaneous receipts deposited into the operating account were not deposited daily.

We would recommend that ALL RECEIPTS be deposited DAILY.

*Sheriff's Response:*

*Daily spreadsheets are already in progress.*

*County Judge/Executive's Response:*

*Sheriff has advised auditors that this deficiency has been corrected.*

4) The Sheriff Should Maintain Invoices/Documentation For All Expenditures

During the test of expenditures, we discovered that invoices were not maintained for payments made from the Imprest Account and from the Credit Card Account. In respect to the Imprest Account, original receipts were sent to the state for reimbursement, but copies were not consistently maintained in the Sheriff's office. We obtained copies of the originals directly from the Finance and Administration Cabinet. We would recommend that you pay every disbursement by check and keep a copy of every invoice. Samples of invoices that are not allowed are attached. Make sure every invoice is dated and has a vendor name on it. Adding machine tapes, etc. are not acceptable. Copies of employees' travel vouchers were not maintained. Please keep front and back copies of every travel voucher, along with copies of invoices submitted. Again, we had to go directly to Finance and Administration Cabinet for copies of travel vouchers.

*Sheriff's Response:*

*This has been done.*

*County Judge/Executive's Response:*

*Sheriff has advised auditors that this deficiency has been corrected.*

KENTON COUNTY  
 CHARLES L. KORZENBORN, SHERIFF  
 COMMENTS AND RECOMMENDATIONS  
 Calendar Year 1999  
 (Continued)

A. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

5) The Sheriff Should Prepare Monthly Bank Reconciliations

The Department for Local Government has established minimum accounting procedures, which include monthly bank reconciliations. During our audit we noticed several months in all accounts in which there were no bank reconciliations. We recommend that the Sheriff consistently do bank reconciliations for all accounts.

*Sheriff's Response:*

*This has been implemented.*

*County Judge/Executive's Response:*

*Sheriff has advised the auditor that this deficiency has been corrected.*

6) A Total Of \$2,005 Of The Sheriff's Expenditures Of Public Funds Are Disallowed And Have Been Repaid From Personal Funds

The Sheriff owed \$2,005 from personal funds for disallowed expenditures. In Funk vs. Milliken, 317 S.W. 2d 499 (Ky. 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal in nature. The following are the disallowed expenditures and amounts:

Deposit the following from personal funds into the Sheriff's local operating account and report on a pay-in voucher:

Sales Tax	\$ 7.45
Coffee	24.00
Breakfast Meetings	683.40
Tax Penalties	<u>453.29</u>
Total	<u>\$ 1,168.14</u>

Deposit the following from personal funds into the Sheriff's local credit card account:

Finance Charge	\$ 12.25
Sales Tax	3.55
Cokes, Coffee, etc.	283.38
Cash	<u>501.10</u>
Total	<u>\$ 800.28</u>

KENTON COUNTY  
 CHARLES L. KORZENBORN, SHERIFF  
 COMMENTS AND RECOMMENDATIONS  
 Calendar Year 1999  
 (Continued)

A. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

- 6) A Total of \$2,005 Of The Sheriff's Expenditures Of Public Funds Are Disallowed And Have Been Repaid From Personal Funds (Continued)
- 

Deposit the following from personal funds into the Sheriff's local imprest account:

Sales Tax	\$	<u>3.55</u>
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*Sheriff's Response:*

*This has been done.*

*County Judge/Executive's Response:*

*Sheriff has advised the auditors that the deficiency has been corrected.*

B. PRIOR YEAR FINDINGS

- 7) The Kenton County Judge/Executive Should Request The County Attorney Collect Monies Owed By Former Sheriffs William Steenken And Gary Lay
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During our audit for the calendar year 1998, the auditors discovered the use of a credit card during both William Steenken's and Gary Lay's administrations for which there were no funds to cover the outstanding balance due at December 31, 1998. The Auditor of Public Account's office turned the matter over to the Office of the Attorney General. The Attorney General's office has completed its investigation, which revealed improper accounting procedures. Thus, the County Attorney elected not to prosecute.

We recommend that the County Attorney seek reimbursement to the credit card account from former Sheriffs William Steenken and Gary Lay. The Auditors have determined that there was a balance due of \$6,661, at December 31, 1998 of which \$5,185 was attributable to William Steenken's term of office and \$1,476 to Gary Lay's. Interest has been accruing daily to date and is also owed by the two former Sheriffs. Please assure that the total balance due is collected as soon as possible from William Steenken and Gary Lay and pay off the this credit card account.

*County Judge/Executive's Response:*

*Judge/Executive will notify County Attorney to proceed according to statute.*

KENTON COUNTY  
CHARLES L. KORZENBORN, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
Calendar Year 1999  
(Continued)

B. PRIOR YEAR FINDINGS (Continued)

8) Former Kenton County Sheriff Gary Lay Owes \$515 In His CCDW Account

During our audit for the calendar year 1998, the auditors found a deficit in the CCDW account in the amount of \$515 for former Kenton County Sheriff Gary Lay's administration. This matter was turned over to the Office of the Attorney General, with the resultant finding of improper accounting. We recommend that the County Attorney seek reimbursement from former Sheriff Lay in the amount of \$515 for this fund deficit.

For both the credit card account and the deficit in the CCDW account, these amounts should be turned over to the County Treasurer, who should then pay off the credit card. The County Treasurer should keep the \$515 for the CCDW deficit to close out the Gary Lay administration.

*County Judge/Executive's Response:*

*Judge/Executive will notify County Attorney to proceed according to statute.*

